

**DEPARTMENT OF CORPORATIONS**  
*California's Investment and Financing Authority***Los Angeles, California**IN REPLY REFER TO:  
FILE NO: ALPHA

February 1, 2006

**RE: 2005 RESIDENTIAL MORTGAGE LOAN REPORT****TO: ALL FINANCE LENDERS**

Enclosed are instructions and reporting forms for the 2005 Residential Mortgage Loan Report that is required by the Housing Financial Discrimination Act of 1977 more commonly known as the Holden Act (Sections 35814 through 35816, California Health and Safety Code).

**WHO MUST FILE****THIS REPORT MUST BE FILED BY ALL LENDERS:**

- whose assets total \$10 million and less and who regularly make real estate purchase and/or home improvement loans and do not report to a state or federal agency.

**OR**

- whose assets total more than \$10 million and who regularly make real estate purchase money and/or home improvement loans and fall under the broad reporting requirements of the Federal Home Mortgage Disclosure Act (Reg. C) as a depository or non-depository financial institution, but elect not to report under the federal program.
- who make 10% or more in qualifying loans are required to report to the appropriate state or federal agency or provide an explanation of any exemption claimed accompanied by appropriate points and authorities.

**NOTE:** Lenders making 10% or more in qualifying loans **MUST** report pursuant to the Home Mortgage Disclosure Act of 1975, more commonly known as Regulation C or HMDA or the reporting requirements of the Holden Act. Additional authority is contained in Title 21, Division 3, Chapter 4, beginning with Section 7100, known as the Regulations Pursuant to the Housing Financial Discrimination Act of 1977.

**WHERE AND WHEN TO FILE**The report is due **MARCH 31, 2006** at:

DEPARTMENT OF CORPORATIONS  
320 WEST 4<sup>TH</sup> STREET, SUITE 750  
LOS ANGELES, CA 90013-2344

**Information regarding the report may be obtained from:****1-866-ASK-CORP OR 1-866-275-2677**

♦ Securities ♦ Franchises ♦ Off-Exchange Commodities ♦ Investment and Financial Services ♦  
♦ Independent Escrows ♦ Consumer and Commercial Finance Lending ♦ Residential Mortgage Lending ♦

SACRAMENTO 95814-4052  
1515 K STREET, SUITE 200  
(916) 445-7205

SAN FRANCISCO 94105-2980  
71 STEVENSON STREET, SUITE 2100  
(415) 972-8559

LOS ANGELES 90013-2344  
320 WEST 4<sup>TH</sup> STREET, SUITE 750  
(213) 576-7500

SAN DIEGO 92101-3697  
1350 FRONT STREET, ROOM 2034  
(619) 525-4233

**2005 RESIDENTIAL MORTGAGE LOAN REPORT**

**COMPLETE THE FORM BELOW IF YOU ARE NOT FILING THE RESIDENTIAL MORTGAGE LOAN REPORT:**

If you make loans for the purpose of purchasing or improving 1 to 4 unit residential real property which total 10% of the loans made during the preceding year and are not filing a report with the Department:

COMPANY NAME: \_\_\_\_\_

LICENSE NUMBER: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_

Check the  
proper space

\_\_\_\_\_ I AM EXEMPT FROM FILING THE RESIDENTIAL MORTGAGE LOAN REPORT WITH THE DEPARTMENT OF CORPORATIONS BECAUSE I AM FILING THE REPORT WITH A FEDERAL AGENCY.

NAME OF AGENCY/  
AUTHORITY FOR  
FILING: \_\_\_\_\_

\_\_\_\_\_ I AM NOT FILING THE RESIDENTIAL MORTGAGE LOAN REPORT BECAUSE I DO NOT MEET THE REPORTING REQUIREMENTS.

EXPLAIN: \_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION**

I, \_\_\_\_\_ certify/declare under penalty of perjury that the foregoing is true and correct.

Executed at: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Declarant: \_\_\_\_\_

***THIS FORM MUST BE RETURNED IF A REPORT IS NOT FILED WITH THE DEPARTMENT OF CORPORATIONS.***

# RESIDENTIAL MORTGAGE LOAN REPORT

Senate Bill 1556 signed into law on September 30, 1987 amended the Housing Financial Discrimination Act of 1977 more commonly known as the Holden Act (Sections 35814 through 35816, California Health and Safety Code) to require DOC licensees who are lenders in certain types of loan transactions to report all activity related to the application of, and loans made to the public for home purchase and/or home improvement purposes. If a DOC licensed lender reports under the provisions of the federal Home Mortgage Disclosure Act, then it is not necessary to report to the DOC.

The State of California Residential Mortgage Loan Report (HDN 1) must be submitted to the DOC by all DOC licensed lenders:

- whose assets total \$10 million and less and who regularly make real estate purchase and/or home improvement loans and do not report to a state or federal agency.

OR

- whose assets total more than \$10 million and who regularly make real estate purchase money and/or home improvement loans and fall under the broad reporting requirements of the federal Home Mortgage Disclosure Act (Reg. C) as a depository or non-depository financial institution, but elect not to report under the federal program.

All lenders making 10% or more in qualifying loans are required to report to the appropriate state or federal agency or provide an explanation of any exemption claimed accompanied by appropriate points and authorities.

"Regularly" is defined to mean at least twelve or more transactions annually during the immediately preceding calendar year that in aggregate total more than \$500,000 in value. Only licensed lenders making 10% or more in qualifying loans during the calendar year are required to report.

This mortgage lending data was to be collected annually beginning January 1, 1990, and reported on the designated HDN 1 by March 31 of each year.

The HDN 1 format requires DOC mortgage lenders located in counties which have been classified as Metropolitan Statistical Areas (MSA's) by the U.S. Bureau of the Census to report all loan activity by MSA number and to further break down this activity per Census Tract within each individual MSA. A separate HDN 1 must be submitted for each MSA where applications are taken and loans made in which the lender has a place of business. As stated, each transaction (application and/or loan) within each MSA must then be itemized by Census Tract in numerical sequence. For all applications received and loans made in MSA's where the lender does not maintain a place of business, the reported information is to be totaled and included in Section 2 of the HDN 1.

For those DOC lenders whose place of business is located in a county that has not been assigned a MSA number, applications and/or loans should be reported in aggregate per county of business locations in Section 1 of the HDN 1. All applications and/or loan activity which occurs outside the county or counties of place of business locations, whether the transactions have occurred in a MSA assigned area or not, will be reported as an aggregate total in Section 2.

In response to the many inquiries received by the DOC, the counties have been

assigned an MSA by the U.S. Bureau of the Census (2000 Census) and the corresponding MSA number, are listed below in Figure 1 for your information.

It should be noted that some MSA numbers have been assigned to more than one county. For example, loan transactions in Alameda and San Francisco counties would all be included under MSA number 41860 and recorded on one HDN 1. Each transaction would then be listed by Census tract in numerical sequence under Section 1.

The following counties in Figure 2 were not assigned MSA numbers by the U.S. Bureau of the Census in the 2000 Census:

Figure 2

Alpine	Amador
Calaveras	Colusa
Del Norte	Glenn
Humboldt	Inyo
Lake	Lassen
Mariposa	Mendocino
Modoc	Mono
Nevada	Plumas
Sierra	Siskiyou
Tehama	Trinity
Tuolumne	

Figure 1

## COUNTY MSA NUMBERS

Alameda	41860	San Bernardino	40140
Butte	17020	San Diego	40740
Contra Costa	36084	San Francisco	41860
El Dorado	40900	San Joaquin	44700
Fresno	23420	San Luis Obispo	42020
Imperial	20940	San Mateo	41884
Kern	12540	Santa Barbara	42060
Kings	25260	Santa Clara	41940
Los Angeles	31100	Santa Cruz	42100
Madera	31460	Shasta	39820
Marin	41884	Solano	46700
Merced	32900	Sonoma	42220
Monterey	41500	Stanislaus	33700
Napa	34900	Sutter	49700
Orange	31100	Tulare	47300
Placer	40900	Ventura	37100
Riverside	40140	Yolo	40900
Sacramento	40900	Yuba	49700
San Benito	41940		

Should you require additional information relating to MSA and Census Tract numbers for reporting purposes, some census-based material are available commercially. In conjunction with the MSA numbers provided in this S.B. 1556 Thomas Brothers' Map Guides, Census Tract Edition, are available for sale at most stationary store outlets. These map guides are typically produced on a county-by-county basis, with each county broken down into easily recognized Census Tracts.

Should additional assistance or information be required to determine the applicable Census Tracts for property located in the MSA's provided, various area government associations have compiled listings of all Census Tracts within their specific area of influence. These regional offices may be contacted to purchase Census Tract information as necessary. Please be advised that requests for specific property locations will not be provided over the telephone.

Regional points of contact include:

ASSOCIATION OF BAY AREA  
GOVERNMENTS, ABAG

Joseph P. Bort Metro Center  
101 Eighth Street  
Oakland, CA 94607  
(510) 464-7900

SAN DIEGO ASSOCIATION OF  
GOVERNMENTS

Wells Fargo Plaza  
401 B Street, Suite 800  
San Diego, CA 92101  
(619) 595-5300

SOUTHERN CALIFORNIA  
ASSOCIATION OF GOVERNMENTS

818 West 7th Street, 12th Floor  
Los Angeles, CA 90017  
(213) 236-1800

SACRAMENTO AREA COUNCIL OF  
GOVERNMENTS

3000 S Street, Suite 300  
Sacramento, CA 95816  
(916) 457-2264

Finally, for specialized information, assistance and guidance, to include large volume, computer aided applications, regional offices of the Bureau of the Census may also be helpful.

For California, inquiries should be directed to:

BUREAU OF THE CENSUS

Census Library  
15350 Sherman Way, Suite 310  
Van Nuys, CA 91406  
(818) 904-6393  
[www.census.gov](http://www.census.gov)

If there are questions regarding this information or either form, DOC licensed lenders may contact:

Department of Corporations  
1 (866) ASK CORP  
or 1-866-275-2677  
[www.corp.ca.gov](http://www.corp.ca.gov)

**4. MSA- Please make sure the correct MSA number is listed. Errors occur when valid census tract numbers are listed for a county but the MSA number listed is actually for another county.**

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***Tips on Common  
Reporting Errors  
noted in last year's  
reports. Please  
consider the following  
when completing your  
report:***

**1. CENSUS TRACT-** Please be sure that the census tract number, NOT the county name is listed. Please also check to make sure that the census tract number is a valid one.

**2. NUMBER OF APPLICATIONS /LOANS-** Errors occur when loans are reported and the number of applications is either omitted or is **less** than the number of loans reported. There must be at least as many applications as there are loans.

**3. PRINCIPAL AMOUNT-** Show the amount in **thousands**. A \$100,000 loan would be reported as \$100 and a \$1,100,000 loan would be reported as \$1,100.

(12/05)

DEPARTMENT OF CORPORATIONS  
FINANCIAL SERVICES DIVISION[illegible]

**RESIDENTIAL MORTGAGE LOAN  
REPORT INFORMATION****HDN 1A****WHO MUST FILE**

1. This form must be filed by lenders that:
  - a) Regularly make qualifying loans on 1 to 4 unit residential real estate property which total at least 10% of the loans made during the preceding calendar year.
  - b) have total assets of 10 million dollars and less; and
  - c) who do not report to a federal or state regulatory agency as provided by the Home Mortgage Disclosure Act of 1975.

**WHEN AND WHERE TO FILE**

1. The lender must send two copies of the loan report to the office of its state enforcement agency no later than March 31<sup>st</sup> following the calendar year for which the loan data is compiled.
2. The lender also must make its loan report available for examination by the public no later than March 31<sup>st</sup> of each year.

**INSTRUCTIONS FOR COMPLETION OF FORM***Data to be shown*

1. The lender must show the data on residential purchase and home improvement loan applications and loans that were originated during the calendar year covered by the report.
2. Data for each category on the statement must show the number of applications taken, the number made and the total dollar amount of loans made.
3. Dollar amounts are to be rounded to the nearest thousand (\$500 will be rounded up), and show in terms of thousands.

*Data to be Excluded*

1. Do not report loans that, although secured by real estate, are made for purposes other than the purchase of residential real estate or home improvement (for example, a loan secured by residential real property for the purpose of financing education, a vacation or business operations.)
2. Also exclude from the report: construction loans and other temporary financing; loans made by the lender acting in a fiduciary capacity (by the lender's trust department, for example); loans on unimproved land; and refinancing of loans originated by the lender that involved no increase in the outstanding principal (providing the parties to the loan remain the same).

*Geographic Itemization (Grouping of loan data by MSA, census tract or county; and outside-MSA)*

1. Loan data is to be reported separately for each MSA in which the lender has a home or branch office. A separate page must be used for each MSA (See item #4 below for treatment of loans on property outside such MSAs). The lender must use the MSA boundaries as defined by the U.S. Department of Commerce on January 1 of the calendar year for which the loan data is compiled.
2. Loan data on property within an MSA shall be further itemized in Section 1 by the census tract in which the property is located except that the loan data shall be itemized by the county instead of the census tract when the property to which the loan is related is located in a county that has not been assigned an MSA.
3. To determine census tract numbers and MSA boundaries, the lender should consult the Census Bureau's census tract outline maps.
4. For loans secured by properties located outside MSAs in which the reporting lender has a home or branch office, the loan data should be listed as an aggregate sum in Section 2 of the form; no geographic itemization is necessary.
5. If duplicate census tract numbers are encountered in an MSA, the lender must indicate the county name in addition to the census tract.

*Type of Loan Itemization (Itemization of each geographic grouping into loan categories)*

**Column A** – FHA, FmHA and VA loans on 1 to 4 unit dwellings. This category includes loans that are secured by liens (both first and junior liens) and that are made for the purpose of purchasing residential real property and that have FHA, FmHA and VA insurance or guarantee. It includes refinancings (see Item #2 under *Data to be Excluded*). It may include, at a lender's option, first lien loans for home improvement purposes if the lender normally classifies first lien loans as purchase loans. It does not include FHA Title I loans, which are to be entered in column C.

**Column B** – Other home purchase loans (conventional loans) on 1 to 4 unit dwellings. This category includes loans secured by liens (both first and junior liens) and made for the purpose of purchasing residential real property, other than FHA, FmHA and VA loans. It includes refinancings (see item #2 under *Data to be Excluded*). It may include, at a lender's option, first lien loans for home improvement purposes if the lender normally classifies first lien loans as purchase loans.

**Column C** – Home improvement loans on 1 to 4 unit dwellings. This category is limited to any loan, including a refinancing, that is to be used for repairing, rehabilitation or remodeling a residential dwelling and that is recorded on the lender's books as a home improvement loan.

**Column D** – Non-occupant loans on 1 to 4 unit dwellings. This is an addendum category for reporting those home purchase and home improvement loans on 1 to 4 unit dwellings (recorded in columns A, B and C) that were made to a borrower who did not at the time of the loan application, intend to use the property as a principal dwelling.